

DIVIDEND DISTRIBUTION POLICY OF SINTEX INDUSTRIES LIMITED

The Board of Directors (the "Board") of Sintex Industries Limited (the "Company") has adopted the Dividend Distribution Policy (the "Policy") of the Company as required in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") in its Meeting held on 28th July, 2016.

EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 28th July, 2016.

PURPOSE, OBJECTIVES AND SCOPE

The Policy is not an alternative to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder or other factors as may be decided as relevant by the Board.

The Policy reflects the intent of the Company to reward its Members by sharing a portion of its profits after retaining sufficient funds for growth of the Company. The Company shall pursue this Policy, to pay, subject to the circumstances and factors enlisted hereon, dividend, which shall be consistent with the performance of the Company over the years.

A- GENERAL POLICY OF THE COMPANY AS REGARDS DIVIDEND

The Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company.

B - CONSIDERATIONS RELEVANT FOR DECISION OF DIVIDEND PAY-OUT

The Board shall consider the following, while taking decisions of a dividend payout during a particular year:

1. Statutory requirements

The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve such as Debenture Redemption Reserve, Capital Redemption Reserve etc. as provided in the Companies Act, 2013, which may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.



2. Agreements with lending institutions/ Debenture Trustees

The decision of dividend pay-out shall also be affected by the restrictions and covenants contained in the agreements as may be entered into with the lenders of the Company from time to time.

3. Prudential requirements

The Company shall analyse the prospective projects and strategic decisions in order to decide-

- to build a healthy reserve of retained earnings;
- to augment long term strength;
- to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company; and
- the needs for capital conservation and appreciation.

4. Proposals for major capital expenditures etc.

In addition to plough back of earnings on account of depreciation, the Board may also take into consideration the need for replacement of capital assets, expansion and modernization or augmentation of stock, including any major capital expenditure proposals.

5. Expectations of major stakeholders, including small Members

The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits of the Company, shall, as far as possible, consider the expectations of the stakeholders in general.

C. OTHER FINANCIAL PARAMETERS

In addition to the aforesaid parameters such as realized profits and proposed major capital expenditures, the decision of dividend payout or retention of profits shall also be based on the following-

1. Operating cash flow of the Company

If the Company does not generate adequate operating cash flow, it has to rely on outside funding to meet its financial obligations and sometimes to run the day-to-day operations. The Board will consider the same before its decision whether to declare dividend or retain its profits.



2. Net sales of the Company

To increase its sales in the long run, the Company will need to increase its marketing and selling expenses, advertising etc. The amount outlay in such activities will influence the decision of declaration of dividend.

3. Return on invested capital

The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

4. Magnitude of earnings of the Company

Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.

5. Cost of borrowings

The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

6. Obligations to creditors

The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. Considering the volume of such obligations and time period of repayment, the decision of dividend declaration shall be taken.

7. Inadequacy of profits

If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare dividends for that financial year.

8. Post dividend EPS

The post dividend EPS can have strong impact on the funds of the Company, thus, impacting the overall operations on day-to-day basis and therefore, affects the profits and can impact the decision for dividend declaration during a particular year.



D. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

External Factors

(1) Taxation and other regulatory concern

- Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend.
- Any restrictions on payment of dividends by virtue of any regulation as may be applicable to the Company at the time of declaration of dividend.

(2) Product/ market expansion plan

The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts Members expectation for the long run which shall have to consider by the Board before taking dividend decision.

(3) Macroeconomic conditions

Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the market which may have a bearing on or affect the business of the Company, the management may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

Internal Factors

1. Past performance/ reputation of the Company

The trend of the performance/ reputation of the Company that has been during the past years determine the expectation of the Members.

2. Working capital management in the Company

The current working capital management system within the Company also impacts the decision of dividend declaration.

3. Age of the Company and its product/market

The age of the Company and its product or the market in which the Company operates will be one of the most significant determining factors to the profitability of the Company and dividend declaration or retention.



E. CIRCUMSTANCES UNDER WHICH DIVIDEND PAYOUT MAY OR MAY NOT BE EXPECTED

The Board shall consider the factors provided above, before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the Members and the Company.

F. MANNER OF DIVIDEND PAYOUT

The discussion below is a summary of the process of declaration and payment of dividends, and is subject to applicable regulations:

In case of final dividends

1. Recommendation, if any, shall be done by the Board, usually in the Board meeting that considers and approves the annual financial statements, subject to approval of the Members of the Company.
2. The dividend as recommended by the Board shall be approved/declared at the annual general meeting of the Company.
3. The payment of dividends shall be made within 30 days from the date of declaration to the Members entitled to receive the dividend on the record date/book closure period as per the applicable law.

In case of interim dividend

1. Interim dividend, if any, shall be declared by the Board.
2. Before declaring interim dividend, the Board shall consider the financial position of the Company that allows the payment of such dividend.
3. The payment of dividends shall be made within 30 days from the date of declaration to the Members entitled to receive the dividend on the record date as per the applicable laws.
4. In case no final dividend is declared, interim dividend paid during the year, if any, will be regarded as final dividend in the annual general meeting.



G. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better use of the available funds and increase the value of the stakeholders in the long run. The decision of utilization of the retained earnings of the Company shall be based on the following factors:

- Market expansion plan;
- Product expansion plan;
- Increase in production capacity;
- Modernization plan;
- Diversification of business;
- Long term strategic plans;
- Replacement of capital assets;
- Where the cost of debt is expensive;
- Other such criteria as the Board may deem fit from time to time.

H. PARAMETERS FOR VARIOUS CLASSES OF SHARES

1. The factors and parameters for declaration of dividend to different class of shares of the Company shall be same as covered above.
2. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue, if any.
3. The dividends shall be paid out of the Company's distributable profits and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.
4. Dividend when declared shall be first paid to the preference shareholders of the Company as per the terms and conditions of the issue, if any.

I. DIVIDEND PAYOUT RATIO AND AMOUNT OF DIVIDEND

1. Dividend shall be declared or paid only out of -

- i) Current year's Profit
 - a) After providing for depreciation in accordance with law
- ii) The Profit for any previous financial year(s)
 - a) After providing for depreciation in accordance with law
 - b) Remaining undistributed or
- iii) Out of i) & ii) both

2. Before declaring any dividend -

The losses, if any, of any previous year (s) shall be set off against profit for the Current year.



3. Declaration of Dividend out of reserves

The Board should avoid the practice of declaration of dividend out of reserves.

4. Amount of Dividend

Subject to various parameters as stated above, the Board shall endeavor to increase the Dividend payment ratio (Dividend/net profit for the year) subject to the Company's need for capital for its growth plan and positive cash flow.

